

Active Members | NOVEMBER 2021

# PEERS for your Benefit

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

## Contribution Rates Unchanged for 2022-2023 School Year

### Contact Us

PO Box 268  
3210 W. Truman Blvd.  
Jefferson City, MO  
65102-0268  
Call Toll Free (800) 392-6848  
or (573) 634-5290

#### Email

[psrspeers@psrspeers.org](mailto:psrspeers@psrspeers.org)

#### Web

[www.psrs-peers.org](http://www.psrs-peers.org)

Board Approves 5%  
Cost-of-Living  
Adjustment





PUBLIC EDUCATION EMPLOYEE  
RETIREMENT SYSTEM OF MISSOURI

- 2 Board Approves 5% Cost-of-Living Adjustment for Eligible Benefit Recipients
  - 3 Contribution Rates Unchanged for 2022-2023 School Year
  - 4 Strong Investment Returns in 2021
  - 5 Your Retirement System Remains Well-Funded
  - 6 RetireSmart! PEERS Retirement Education Opportunities Await!
- Questions About PEERS Retirement? We are Here to Help
- 7 Did You Review Your 2021 **Member Statement**?  
View and Update Your Beneficiary Designations Online
  - 8 Thank You for Your Service!

PEERS For Your Benefit is published by the Public School and Education Employee Retirement Systems of Missouri.



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## Board Approves 5% Cost-of-Living Adjustment for Eligible Benefit Recipients

At the October 25, 2021 PSRS/PEERS Board of Trustees meeting, the Board voted to grant a 5% cost-of-living adjustment (COLA) for eligible benefit recipients effective January 1, 2022.

Missouri law states that a 5% COLA must be granted when the CPI-U equals or exceeds 5%.

PSRS/PEERS COLA Policy	
CPI-U	COLA
Less than 0.0%	0.0%
0.0% to 2.0%	0.0% when CPI-U is cumulatively below 2.0%
0.0% to 2.0%	2.0% when CPI-U cumulatively reaches 2.0% or more*
2.0% to 5.0%	2.0% when the CPI-U is at least 2.0%, but less than 5.0%
5.0% or more	5.0%
*resets cumulative calculation after a COLA is provided	

The total increase in the Consumer Price Index for Urban Consumers (CPI-U) for the 12 months in fiscal year 2021 (July 1, 2020 to June 30, 2021) was 5.3915%. According to the COLA policy, this results in a COLA of 5% in January 2022. The last time a 5% COLA was given was in 2009.

## Contribution Rates Unchanged for 2022-2023 School Year

At the October 25, 2021 PSRS/PEERS Board of Trustees meeting, the Board voted to maintain the current active member and employer contribution rates at their current levels for the upcoming school year. The 2022-2023 school year runs from July 1, 2022 to June 30, 2023.

Based on the recommendation of the Systems' actuary, PricewaterhouseCoopers (PwC), PEERS contribution rates will remain as follows:

2022-2023 PEERS Contribution Rates		
Member Rate	Employer Rate	Combined Rate
6.86%	6.86%	13.72%

Contribution rates have held steady since 2012.

"The Systems' solid pre-funded status and outstanding investment returns during the past fiscal year have allowed us to maintain current contribution rates again next year. We are pleased to be able to do so, especially during a year when the cost of living has increased for so many of our members."

Jason Steliga, PSRS/PEERS Board Chair

It is the Board's fiduciary responsibility to the Systems and members to make decisions that are consistent with maintaining the Systems' ongoing financial health and strong funded status. As of June 30, 2021, PEERS was 87.7% pre-funded and PSRS was 85.2% pre-funded. This means, that as of the end of our last fiscal year, PSRS/PEERS had enough assets on hand to pay more than 80% of all present and projected future benefits with today's dollars.

### About Contribution Rates

Your PEERS contributions are credited to your individual membership. You do not pay taxes on your contributions until you receive them back from PEERS as monthly benefits or a lump-sum payment.

Your contributions are *always* returned to you in the form of monthly benefits, or a lump-sum payment to you or your beneficiaries.

For specific information regarding the contributions, you have made to PEERS during your membership, log in to Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org), or refer to your annual **Member Statement**.



## Strong Investment Returns in 2021

An improving global economy, coupled with unprecedented stimulus from both the Federal Reserve and the federal government, led to strong gains in stock markets over the first three quarters of calendar year 2021. U.S. stocks (as measured by the S&P 500 Index) returned 15.9% for the year through September 30, 2021, while non-U.S. developed stocks (as measured by the MSCI EAFE Index) moved 8.4% higher.

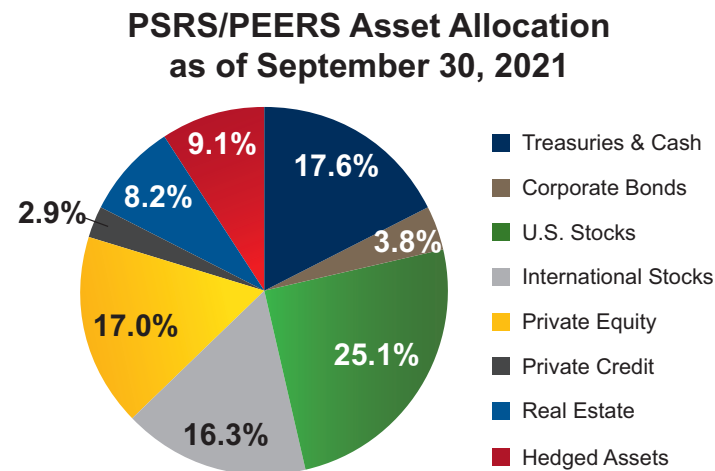
In contrast, while interest rates have remained near historical lows throughout the year, the yield on the 10-year Treasury Note did increase from 0.91% at the beginning of the year to 1.52% on September 30, 2021. This increase in yield contributed to negative returns in 2021 (year-to-date) for most investors in bonds (when yields rise, bond prices fall).

Despite the recent early market gains in 2021, the economy (and the investment markets) remains somewhat fragile due to the continuation of the COVID-19 pandemic, inflationary pressures, supply chain issues, high levels of unemployment and geopolitical events.

Additionally, in the current environment, virtually every asset class (especially global stock markets) is priced rather high, or is at least fully valued. Because of this, we expect market returns to moderate going forward. Global stock markets have been more volatile in the second half of 2021, and have moved lower in recent months (September). We believe this increased volatility and the recent pull-back in stock markets is both completely normal and expected.

Our long-term investment goal is to provide **consistent** and meaningful investment returns to support retirement benefits for our members. As a large institutional investor, we believe that we are particularly well-suited to navigate upcoming markets given our ability to invest over a 30-year time horizon.

The following chart illustrates the PSRS/PEERS asset allocation, which is highly diversified among several different investment classes.



The PSRS/PEERS asset allocation is balanced with a significant distribution to return-seeking assets (assets expected to grow and be more volatile than cash or bonds) such as stocks and private equity, but also a healthy allocation to more defensive investments (investments that provide consistent and stable earnings regardless of the overall state of the markets) such as Treasury securities, cash and hedged assets.

Historically low interest rates and market volatility/uncertainty may be part of the investment landscape for the next several years. As a result, we believe it is prudent to maintain a structured portfolio that has an opportunity to participate if the markets continue to move higher, but also has substantial downside protection in the event of a market correction. Additionally, we are spending more time on complementary asset classes (i.e., Private Credit) as an alternative in a low-yielding world. Each asset class within the PSRS/PEERS investment portfolio performs a valuable function.

*Continued on page 5*

The following chart indicates the investment returns for the major asset classes in the PSRS/PEERS portfolio over the last 10 years, for the period ended September 30, 2021.

10-Year PSRS/PEERS Investment Returns (by Asset Class)	
Treasuries and Cash	2.0%
U.S. Stocks	16.0%
Hedged Assets	6.8%
Private Equity	19.0%
Real Estate	10.1%
International Stocks	10.2%
Corporate Bonds	4.0%

The Systems' long-term investment objective (actuarial assumption)<sup>1</sup> is 7.3% per year. We will not achieve that return goal every year, but we expect to meet or exceed that return over long periods of time. For example, the PSRS/PEERS year-to-date investment return for calendar year 2021 (January 1, 2021 through September 30, 2021) is approximately 13.7%. Most importantly, the total plan return of 10.7% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption) and the total plan policy benchmark return<sup>2</sup> of 9.7%.

10-Year Investment Results Period Ending 9/30/21	
PSRS/PEERS Investment Return	10.7%
PSRS/PEERS Actuarial Assumption <sup>1</sup>	7.3%
Benchmark Return <sup>2</sup>	9.7%

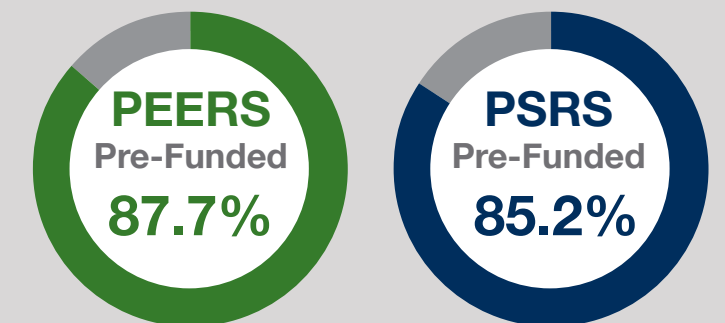
The market value of invested assets for PSRS and PEERS combined was approximately \$57 billion on September 30, 2021, making the joint entity larger than all other public retirement plans in Missouri combined, and the 46<sup>th</sup> largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at [www.psrs-peers.org](http://www.psrs-peers.org).

<sup>1</sup> The Board of Trustees long-term investment return objective was reduced to 7.3% effective July 1, 2021.

<sup>2</sup> The plan policy benchmark is a standard to measure investment performance and indicates the return of the PSRS/PEERS asset allocation if passive market rates of return were achieved.

## Your Retirement System Remains Well-Funded

As of June 30, 2021, PEERS was 87.7% pre-funded and PSRS was 85.2% pre-funded. This means, that as of the end of our last fiscal year, PSRS/PEERS had enough assets on hand to pay more than 80% of all present *and* projected future benefits with today's dollars.



### Where do PSRS/PEERS Funds Come From?

PSRS/PEERS' funding comes from three sources, member contributions, employer contributions and investment earnings. Investment earnings are the primary source of funding for every dollar of PSRS/PEERS benefits paid.

25-Year-Average



*Note: The 18¢ includes member contributions and service purchases.*



## RetireSmart! PEERS Retirement Education Opportunities Await!

Get ready to retire smart with PEERS! We offer a variety of free, easy to understand education opportunities for members at all career stages. It is our goal to help you get the most from your PEERS membership. We want to make sure you to have all the information you need to make the best decisions for you and your family.

### Retirement Ready Seminars

If you are within five years of retirement and would like pre-retirement counseling, we recommend that you first attend a Retirement Ready Seminar. These seminars provide a thorough overview of the issues important at this stage of your retirement planning.

#### Register Today for a Seminar!

Log in to Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org) to view and register for an upcoming virtual Retirement Ready Seminar or an in-person seminar at our office in Jefferson City. New seminar dates will be posted as they become available.

### Webinars



**Featured Topic** – Members at all career stages can benefit from attending our Featured Topic Webinars. Topics include purchasing service, filing for retirement and understanding your PEERS benefit estimate. Visit our website for upcoming topics and to register.

**RealTalk** – For members who are short on time, RealTalk Webinars are a great option. RealTalk Webinars are mini-webinars focusing on different “hot” topics often asked about by our members, in 15- to 20-minute sessions, including an opportunity to ask questions. Visit our website for upcoming topics and to register.

### RetireSmart Education Essentials Professional Development Day Presentations

We are happy to provide free retirement presentations for in-service or professional development days at your school. These programs are done by request and can be tailored to meet the needs of early, mid-career or pre-retirement-stage members.

School officials and organizational leaders who want to request professional development day presentations can call us at (800) 392-6848 or email [Member\\_Education@psrsmo.org](mailto:Member_Education@psrsmo.org).

## Questions About PEERS Retirement? We are Here to Help

Many PEERS members choose to enlist the help of a financial planner when preparing for retirement. A qualified, trusted financial planner can provide you valuable advice through an evaluation of your overall financial situation.

If you are contacted by someone offering to assist with your PEERS retirement **for a cost**, beware. While the services of a qualified financial planner can be very helpful, it is the unfortunate truth that others may not be looking out for your best financial interest.

Even when working with a financial planner, it is important to remain engaged in your retirement planning. Make it your goal to work with both your financial planner and PEERS to make decisions that are right for you.

PEERS counselors are here to help you with any questions about your membership and benefits. Contact us by phone at (800) 392-6848 or email us at [psrspeers@psrspeers.org](mailto:psrspeers@psrspeers.org) to schedule a counseling session, ask questions or request forms.



## Did You Review Your 2021 **Member Statement**?

Your personalized **Member Statement** includes a wealth of information about your PEERS membership. You can see your **Member Statement** online by logging in to Web Member Services. If you did not request an electronic notification about your statement, a paper copy mailed in November.

Your statement includes:

- Estimated future service retirement benefits
- Your salaries and contributions
- A list of your years of employment and employers
- Details of the service you have earned
- Your current beneficiary designation
- Information on possible disability or survivor benefits
- A look at any service purchases you may have

When reviewing your **Member Statement**, please take particular note of the following:

- Are your salaries, service and employers listed correctly? If not, contact your employer so corrections can be made.
- Is your contact information current? If not, update your address, phone number and/or email address by logging in to Web Member Services or use a **Member Information Change** form available on our website.
- Is your beneficiary designation current? If you have had a life change such as a birth, death or divorce since you filed your designation, it is void and you need to update your beneficiary designation by logging in to Web Member Services or use a **Pre-Retirement Beneficiary Designation** form, also found on our website.

### Help Us Save Some Trees!

To skip the paper statement next year and receive an email notification when your statement is ready to view online, just visit Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org) and update your communications preferences by selecting “My Profile” at the top of the page, and then “Change Communications Preferences.”



## View and Update Your Beneficiary Designations Online

### Take Advantage of the Financial Protection PEERS Provides for Your Loved Ones

In addition to the emotional stress caused by the loss of a loved one, it can also put significant stress on a family's finances, particularly when this occurs during the working years. To help ease this burden, PEERS offers valuable financial protection for your family if you die before retirement.

The benefits payable depend on your beneficiary designation, your employment status and years of service with PEERS.

Always keep your beneficiary designations with PEERS up-to-date to ensure benefits payable to your survivors are distributed according to your wishes.

As an active PEERS member, you can now update your beneficiary designation at any time by logging in to Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org) or by using the PEERS **Pre-Retirement Beneficiary Designation** form found on our website or available by contacting our office.



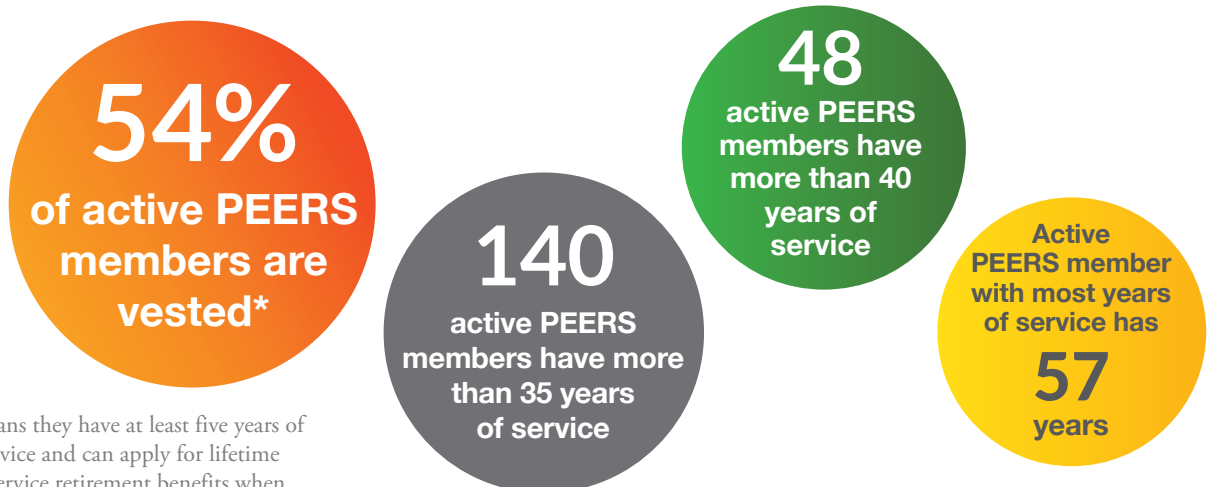
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## Thank You for Your Service!

PEERS currently serves almost 50,000 active, non-certificated Missouri public school employees. We appreciate your dedication to Missouri's schools, students and communities. It is our ongoing goal to provide retirement security for you, and all of Missouri's public school education employees, after a full career of service.



\* That means they have at least five years of eligible service and can apply for lifetime monthly service retirement benefits when they become eligible.

*As of June 30, 2021, Unaudited*